

Service Date: October 29, 1981

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the APPLICATION of)
MOUNTAIN WATER COMPANY for authority)
to increase rates and charges for)
water service in its Missoula Divi-)
sion serving Missoula, Montana.)

UTILITY DIVISION

DOCKET NO. 81.9.86

ORDER NO. 4851

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INTERIM RATE ORDER

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FINDINGS OF FACT

1. On September 30, 1981, Mountain Water Company (Applicant) filed with this Commission an application to increase water rates in its Missoula Division by \$2,079,623.

2. As a part of its original filing in this Docket, Applicant requested that the Commission approve an interim rate increase of \$589,222.

3. Pursuant to the Commission's rules on interim rate increases, ARM Sections 38.5.501, et seq., Applicant has given notice of its interim rate increase request. Such notice was given to the Montana Consumer Counsel and to media of general dissemination in the Missoula area. The notice directed interested parties to advise the Commission quickly of any comments relative to the request.

4. Applicant has demonstrated to the Commission that an interim revenue increase is required. The interim rate level in

this order recognizes and permits recovery of the following expenses, determined as of the test year ending December 31, 1980 (adjusted for certain known changes):

Operating and Maintenance Expense	\$1,465,466
Depreciation and Amortization	227,657
Taxes Other Than Income	307,253
Interest Expense	<u>277,420</u>
Total	\$2,277,796

Compared to Applicant's current annual revenues at present rates of \$1,688,574, this expense level yields an interim revenue requirement of \$589,222.

5. Applicant has, as required by the Commission's rules on interim rate increases, made a clear showing that it is suffering an obvious income deficiency and that reasonable grounds exist for the Commission to believe that, under its current utility ratemaking standards, Applicant will be entitled to rate relief at the time a final order is issued in this Docket and deferring rate relief until a final order can be issued may adversely affect the utility's financial condition.

6. Applicant has requested that the interim revenue increase be implemented by means of a 49.28 percent increase in all metered rates and flat rates, excluding sprinkling water and fire protection service. The requested form of revenue increase is accepted.

CONCLUSIONS OF LAW

1. Mountain Water Company is a public utility furnishing

water service to consumers in the State of Montana. As such it is subject to the supervision, regulation and control of this Commission, Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion temporarily approve increases pending a hearing or final decision."

3. If the final decision of the Commission is to disapprove the increase granted on an interim basis, the Commission will order a rebate thereof with interest to be paid to all consumers at a rate of 12 percent per annum.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Mountain Water Company is granted authority to implement on an interim basis increased rates designed to generate \$589,222 in additional revenues on an annual basis.

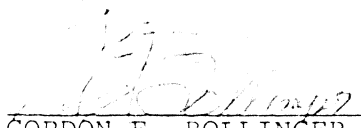
2. Mountain Water Company is to file revised rate schedules spreading the increased revenues to the existing customer classes on the basis of a 49.28 percent increase in all metered rates and flat rates, excluding sprinkling water and fire protection service.

3. Nothing in this Interim Order precludes the Commission from adopting in its final order, after reviewing the entire record in this Docket, a revenue requirement different from that contained in this Order, or from refusing to grant a rate increase.

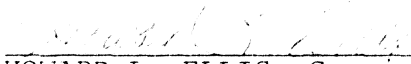
4. These rates shall be effective for water service rendered on and after October 26, 1981.

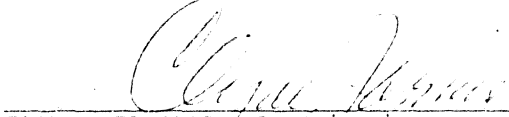
DONE IN OPEN SESSION this 26th day of October, 1981, by a vote of 5 to 0.


BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.


GORDON E. BOLLINGER, Chairman

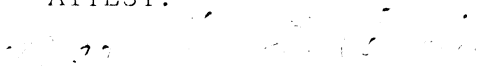

JOHN B. DRISCOLL, Commissioner


HOWARD L. ELLIS, Commissioner


CLYDE JARVIS, Commissioner


THOMAS J. SCHNEIDER, Commissioner

ATTEST:


Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38.2.4806 ARM.